DOCUMENT RESUME

ED 385 939 EA 026 968

AUTHOR Dayton, John; Matthews, Kenneth
TITLE Georgia School Finance: Funding Education in the New Empire State of the South.
PUB DATE Apr 95
NOTE 12p.
PUB TYPE Reports - Evaluative/Feasibility (142)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Budgets; *Educational Finance; Elementary Secondary Education; Expenditure per Student; Income; *Public Schools; Resource Allocation; State Action; *State Legislation
IDENTIFIERS *Georgia

ABSTRACT

This paper summarizes the status of educational funding in Georgia, which has experienced significant population and economic growth. In the decade following passage of the Quality Basic Education Act (QBE, 1985), the state has made significant progress in educational improvement. Although per-pupil expenditures have increased, Georgia continues to lag behind much of the nation in average per-pupil expenditures. The QBE Act and a new state lottery system significantly increased funding for education. The Houston County School District recently adopted a controversial plan to fund the construction of new educational facilities without voter approval. Other developments include an increase in teacher hiring, an approved 6 percent teacher-salary increase, and the initiation of programs that extend educational opportunities for students. State legislation passed in 1995 included provisions affecting the allocation of funds for administrative positions and tenure, grants for afterschool programs, and the establishment of committees for the review of public-school finance and facility-construction funding. The budgets proposed by the governor and the House Appropriations Committee for fiscal year 1996 are included. (Contains 14 references.) (LMI)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 385 939

GEORGIA SCHOOL FINANCE: FUNDING EDUCATION IN THE NEW EMPIRE STATE OF THE SOUTH

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.
Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

John Dayton
The University of Georgia

Kenneth Matthews
The University of Georgia

PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
J. Dayton
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC).

Georgia has been called the "Empire State of the South" (Hoffman, et al. 1992, p. 630). To the extent that the term refers to an extensive and successful enterprise, the description may be accurate. Georgia is the largest state east of the Mississippi river and enjoys a favorable climate, abundant natural resources, a diversified economy, and an advantageous geographical position, factors that have contributed to the economic success of the state and the region. The Southeast led the nation out of the economic recession of the early 1990's, and economic progress in the region remains impressive.

Like much of the southeast, Georgia continues to experience significant growth in its population and economy. Georgia's strong economy has enhanced its efforts to improve public education throughout the state, and it is likely that an improved educational system will contribute to continued economic progress. According to the Georgia Fund for Education (1995, p. 1) in the decade following the passage of Georgia's Quality Basic Education Act (QBE, 1985) the state made significant progress in educational improvement including: The establishment of the HOPE scholarship program providing greater access to higher education

EA026968

BEST COPY AVAILABLE

for students; a reduction in public school student-teacher ratios; the creation of a state wide pre-kindergarten program; substantial increases in funding for new educational technology and school security equipment; improved student retention through graduation; higher passage rates for the basic high school competency exam; the institution of a more rigorous and uniform basic curriculum throughout the state's public schools; the adoption of higher standards for high school graduation; and significant gains in SAT scores.

In the past few decades Georgians have made substantial educational progress, and continue their efforts at educational improvement. When Georgia's increase in expenditures per pupil and increase in per capita income are compared there is an elasticity measure of 1.6403 between 1970 and 1990, reflecting Georgia's enhanced commitment to the support of public education (Hickrod, et al., 1992, p. 190). But even with significant improvements in fiscal efforts, Georgia still lags behind much of the nation in average per pupil expenditures (U.S. Bureau of the Census, 1993, p. 83). Generally, southern states have ranked in the bottom half of states in expenditures for public education, with most clustered around the bottom quartile (National Center for Education Statistics, 1993, p. 73).

Georgia's QBE Act (1985) significantly increased state support for public education, adding more than $908.9 million in new state funds in its first year (Matthews, Melton, & Rogers, 1992, p. 171). Revenues generated by the state's new lottery

have also contributed significantly to funding for public education. In 1992 Georgia voters authorized an amendment to the Georgia Constitution that stated: "The General Assembly may by law provide for the operation and regulation of a lottery . . . and the Governor shall make specific recommendations as to educational programs and educational purposes to which said net proceeds shall be appropriated" (Georgia Constitution, 1993, §II, para. VIII (c)). Under the provisions of the Georgia Constitution lottery proceeds may only be used for educational purposes. The first full fiscal year of lottery funding generated $280 million in new revenue for education (League of Women Voters, 1994, p. 9). More than $85 million in lottery funds has been provided for the purchase of educational technology (Georgia Department of Education, 1994, August 16).

Georgia spent $5.423 billion on public education in the 1993-94 fiscal year, with $3.268 billion in state aid and $2.155 billion in local revenue (Dayton, Matthews, Melton, & Rogers, in press). As the state's student population continues to grow, increased funding will be necessary for additional facilities and teachers in many school districts.

Many school districts in Georgia are experiencing significant growth in student populations. But even with growing student populations, obtaining voter consent for new school construction is sometimes difficult. Georgia's Constitution requires a referendum to obtain the approval of a majority of the district's voters before local governments may incur debts to

construct new facilities (Georgia Constitution, 1993, § V, para. I (a)).

Recently, the Houston County School District adopted a controversial plan to fund the construction of new educational facilities without voter approval for the new debt. In the last few days of the 1994 legislative session the Houston County School District received legislative permission to create a "Houston County School District Building Authority." The Authority sold $12,180,000 in trust certificates, using the proceeds to fund the construction of two new schools. The trust certificates were secured by a contract between the Authority and the Houston County School District that obligated the district to make annual payments to the Authority. The underwriter of the trust certificates, Lex Jolley & Company of Atlanta, stated that the contract "is a general obligation of the district to which its full faith and credit and taxing power are pledged and is absolute and unconditional and will not expire so long as any of the installment payments of purchase price remain unpaid" (Whitt, 1994, p. E-9). According to Whitt (1994): "The plan requires taxpayers, without a referendum, to pay whatever tax rate necessary, and for however long necessary, to retire debts created by school building authorities." Although the plan has been represented by its advocates as a revolutionary new method of funding new facilities, the legality of the plan is questionable, as is the likelihood that the legislature would authorize other school districts to form building authorities

similar to the special legislative authorization quietly granted to Houston County in the concluding days of the 1994 legislative session.

In addition to building new facilities, Georgia schools are hiring many new teachers. Georgia public schools employ 5,000 to 6,000 new teachers every year, at a state base salary of $20,052 for teachers with no experience (Georgia Department of Education, Aug. 16, 1994). Most local boards provide financial supplements to the state base salary. Also, a 6% salary increase has been approved for public school teachers.

The challenge of improving education and the circumstances of children in Georgia remains substantial. According to the Georgia Fund for Education (1995, p. 2) "Nearly one in every four of Georgia's children lives in poverty." A substantial proportion of these disadvantaged children live in Georgia's large urban areas, but many poor children can also be found in the state's rural school districts. As Hodgkinson (1992, p. 18) recognized: "In the nation, for every urban 'hyper-poor' child living at 50 percent of poverty of the official poverty level, there is one rural child who is just as poor."

Georgia's new programs significantly extend educational opportunities for students. The state's new pre-kindergarten program served more than 9,000 four-year-olds and their families during the 1993-94 school year, and it was anticipated that: "By the end of the 1994-95 school year we will be offering prekindergarten programs in every county" (Georgia Department of

Education, 1994, August 15). The state's new scholarship program demonstrates that Georgia is also serious about improving higher educational opportunities. Georgia's HOPE Grant program provides a substantial step toward enhanced higher educational opportunity for the state's students by paying for two years of tuition at any Georgia public college, university, or technical institute, if the student maintains a "B" average and has under $100,000 family income (Georgia Student Finance Commission, 1993). A proposed expansion of the plan would extend the program to four years of free tuition. A report by the Georgia Fund for Education (1995, p. 26) recognized that: "With the creation of HOPE, Georgia assumed a posture of national leadership in student aid for post-secondary education." Georgia's Governor Zell Miller recently stated that: "67,500 Georgia students are being assisted by the HOPE Scholarship Program this academic year" (Georgia School Superintendents Association, 1995, February 24).

The Georgia General Assembly recently completed its 1995 session. Among the new legislative actions were provisions effecting the allocation of funds for administrative positions, administrative tenure, grants for after school programs, and the establishment of committees to review public school finance and facility construction funding.

Funds previously allocated to central office administrative positions were shifted to funding for elementary counselors and technology specialists (Ga. Code § 20-2-186, 1995). Governor Miller and the new State School Superintendent Schrenko were

generally in agreement regarding the transfer of funds from district central offices to schools. The new legislation has a disproportionately negative impact on administrative funding in larger school districts, and organizations such as the Georgia School Superintendents Association expressed concern about the impact of the funding changes (1995, February 24).

Also of importance to Administrators was new legislation changing the state's "Fair Dismissal Act" (Ga. Code § 20-2-942, 1995). The General Assembly was careful not to intrude on the existing due process rights of individuals, but passed legislation ending the provision of due process rights for new administrators. Administrators currently entitled to due process procedures before termination or demotion retain those rights in their current positions, losing them only if they voluntarily change positions. New administrators will only have a right to due process procedures before termination or demotion if they are terminated or demoted prior to the conclusion of their contractual period of employment. Under the new law administrative contracts cannot exceed three years. The legislation also grants local boards of education permission to adopt a tenure policy for administrators, but that policy may not exceed the scope of current fair dismissal laws for teachers, and prior to adopting the policy the local board must hold a public hearing.

The General Assembly passed legislation authorizing grants for after school academic programs. The programs are intended to

serve only students that have previously dropped out of school or who have failed courses. Schools will receive funds equal to state funds earned for students taking the equivalent courses during the regular school day.

Senate Resolution 202 created a committee to review local fair share contributions, appropriate measures of local wealth, and alternative funding options. House Resolution 293 established a committee to study expenditures of tax funds on new public school construction.

The Georgia School Superintendents Association (1995, March 3) reported the following fiscal year 1996 budget proposals from the Governor and the House Appropriations Committee:

Item	Governor	House
Vocational programs	(4,212,416)	0
Superintendent base salary	(1,228,175)	(1,228,175)
Downsize SDE	(2,000,000)	(3,000,000)
Transfer personnel to GPTC	(2,197,642)	0
Central admin. funding	(28,178,763)	(16,482,251)
4-8 summer school	3,500,000	0
Technology specialists	16,152,790	16,152,790
Counselors K-3	12,799,645	0
Pay for performance	3,400,000	3,400,000
Youth apprenticeship	2,350,000	2,350,000
Crossroads alternative	4,876,442	4,876,442
Mentoring program	2,000,000	0
Food service managers	75,950	75,950
Charter school planning	50,000	0

SDE performance audits	0	200,000
Tech center oper. funds	540,000	540,000
RESA fund formula	0	2,660,836
Geography program	0	50,000
Upgrade comp. PPC	0	28,058
Foreign lang. el. schools	0	597,430

LOTTERY

Expand Pre-k	77,646,245	76,646,245
Pre-K capital outlay	8,000,000	4,500,000
Learning logic sites	1,000,000	1,000,000
Postsecondary tuition	1,200,000	1,200,000
PeachNet for libraries	0	2,160,000
Existing tech center	900,000	900,000
Instruct. tech. alter. schools	5,000,000	5,000,000
6% raise for cert. per. and 5% raise of food and bus per.	157,246,555	157,246,555

CAPITAL OUTLAY (Governor and House agree)

$64,295,000 to 23 school systems for regular entitlements

$28,770,000 to 23 systems for regular advance funding

$5,535,000 to one system for school consolidation

$26,855,000 in advanced incentive funding for 9 systems

Total $125,455,000

Fiscal year 1996 debt service $12,294,590

References

Dayton, J., Matthews, K. M., Melton, L., & Rogers, H. (in press). Georgia. *Public School Finance Programs of the United States and Canada*. New York: American Education Finance Association.

Georgia Code Annotated (Michie 1995).

Georgia Constitution (1993).

Georgia Department of Education (1994, August 15). *News release: Prekindergarten program doubles in second year*. Atlanta, GA.

Georgia Department of Education (1994, August 16). *News release: Technology in Georgia schools*. Atlanta, GA.

Georgia Fund for Education (1995). *Education improvement in Georgia*. Atlanta: Georgia Chamber of Commerce.

Georgia School Superintendents Association (1995, February 24). *Report from The Capitol, IV* (6). Athens, GA.

Georgia School Superintendents Association (1995, March 3). *Report from The Capitol, IV* (7). Athens, GA.

Georgia Student Finance Commission (1993). *HOPE: Scholarships that reward B averages with A+ opportunities* (Commission phone 1-800-546-HOPE). Tucker, GA.

Hickrod, G. A., Hines, E. R., Anthony, G. P., Dively, J. A., & Pruyne, G. B. (1986). The effect of constitutional litigation on education finance: A preliminary analysis. *Journal of Education Finance, 18*, 180-210.

Hodgkinson, H. L. (1992). *A demographic profile of the Southeast*. Washington, D.C.

Hoffman, M. S., et al. (1992). *The World Almanac*. New York.

League of Women Voters (1994, December). *Focus on issues: Sources of revenue for the governing bodies of the state of Georgia*. Atlanta, GA.

Matthews, K. M., Melton, L., & Rogers, H. (1992). Georgia. In S. D. Gold, D. M. Smith, S. B. Lawton, & A. C. Hyary (Eds.), *Public School Finance Programs of the United States and Canada 1990-91: Vol. 1* (pp. 171-179). New York: American Education Finance Association.

National Center for Education Statistics (1993). *Education in states and nations: Indicators comparing U.S. states with the OECD countries in 1988*, U.S. Government Printing Office, Washington, D.C.

Quality Basic Education Act (1985). Georgia Code § 20-2-130 et seq. (Michie 1992).

U.S. Bureau of the Census (1993). Series GF/90-10, *Public Education Finances: 1990-91*, U.S. Government Printing Office, Washington, D.C.

Whitt, R. (1994, August 21). Novel Plan for School Construction. *The Atlanta Journal*, p. E-9.